

# **Volunteer Income Tax Assistance Grant Program**

## **Frequently Asked Questions**

### **1. *What is the VITA Grant Program?***

In December 2007, Congress appropriated funds to the IRS to establish and administer a one-year matching grant program in consultation with the Taxpayer Advocate Service, for Community Volunteer Income Tax Assistance (VITA). The program shall provide direct funds to:

- Enable VITA programs to extend services to underserved populations and hardest-to-reach areas, both urban and non-urban
- Increase the capacity to file returns electronically
- Heighten quality control
- Enhance training of volunteers, and
- Significantly improve the accuracy rate of returns prepared by VITA sites

### **2. *Who are the targeted underserved populations?***

- Low-income (in general)
- Low -income limited English proficient
- Low -income elderly
- Low -income disabled
- Low -income Native Americans
- Low -income non-urban

The definition of low-income is based on the maximum Earned Income Tax Credit (EITC) amount for that year. The maximum EITC adjusted gross income for tax year 2007 is \$39,783.

### **3. *What are the eligibility requirements?***

Applicants must meet the following criteria to be eligible to file an application for funding under the VITA Grant Program:

- Be classified as one of the following:
  - A private or public non-profit organization qualifying for tax exemption under IRC 501, including but not limited to educational institutions, faith-based or community organizations;
  - A state or local government agency, including Native American Tribal governments; or
  - A regional, statewide, or local coalition with one lead organization that meets one of the eligibility criteria stated above. The applicant organization must have a significant role in the coalition.
- Must be in compliance with Civil Rights reporting requirements, OMB guidance, and federal tax filing and payment requirements;
- Have the capacity to electronically file federal tax returns; and
- Provide documentation to substantiate matching funds on a dollar-for-dollar basis for grant funds requested.

A detailed list of the eligibility requirements can be found in Publication 4671, *VITA Grant Program Overview and Application Package*. This publication will be available on July 1, 2008.

#### **4. How will grant recipients be selected?**

Throughout the selection and award process, the IRS will focus on implementing the VITA Grant Program as directed by Congress. Applications will be screened against the eligibility criteria, and eligible applicants will then be evaluated and ranked based on their technical merit, geographic coverage, amount of funding requested and other considerations.

Additional information concerning the selection process can be found in Publication 4671, VITA Grant Program Overview and Application Package. This publication will be available on July 1, 2008.

#### **5. Can an affiliate of a non-profit organization apply for the VITA Grant?**

In order to apply for the VITA grant, an applicant must be classified as one of the following types of entities:

- a. A private or public non-profit organization that qualifies for tax exemption under IRC Section 501; or
- b. A state or local government agency.

An affiliate of a National Organization that has obtained tax exempt status under IRC 501 is not eligible to apply for a VITA grant under the national organization's 501 exempt status. In this case, the organization which was issued the tax exemption under Section 501 must make application for the VITA Grant.

#### **6. How do you apply for a VITA Grant?**

*During the open application period, applicants may:*

- Download the application via IRS.gov, search keyword: *Community Network*, then click on *Partner Products and Volunteer Resource Center*
- Request the application via e-mail at [Grant.Program.Office@irs.gov](mailto:Grant.Program.Office@irs.gov)

*Applications may be submitted:*

- Electronically via [www.grants.gov](http://www.grants.gov); or
- By mail to the IRS Grant Program Office. Applications submitted by mail must include the original signed paper documents and a compact disc of the entire application package. The mailing address is:

Internal Revenue Service  
Grant Program Office  
401 West Peachtree Street, NW  
Stop 420-D  
Atlanta, GA 30308

#### **7. What is the timeline for accepting grant applications and for partner notification reports?**

Application Period	07/01/2008-09/02/2008
Review and Ranking of Applications	09/02/2008-10/30/2008
Notification to Recipients	10/30/2008
Funds Available for Use	12/01/2008
Mid-Year Report Due from Grantee to IRS	04/30/2009
Annual Report Due from Grantee to IRS	09/30/2009

**8. Will all applications be considered?**

Yes. As long as they meet the following conditions:

- a. Must be received in the IRS Grant Program Office by September 2, 2008; and
- b. The application is complete and related forms are appropriately signed.

The application will then be reviewed for eligibility. Applications not meeting the eligibility requirements, not received by the deadline date, or are incomplete, will be disqualified and a notice of ineligibility issued.

**9. How soon can an applicant apply again after the 2009 open application period?**

Currently, this is a one-time appropriation for the VITA Grant Program. Annual funds have been requested, and if the program is extended by Congress for future years, an internal and external announcement will be made.

**10. What are some allowable and unallowable uses of the VITA Grant funds?**

<b>Allowable Expenses</b>	<b>Unallowable Expenses</b>
Hardware - computers/printers & related supplies (ref. OMB guidelines)	Tax preparation software
Reasonable salary costs for VITA Program clerical support, site coordinator; tax law instructor.	Salary payments to volunteer return preparers, screeners, and reviewers
Reasonable office supplies	Costs that do not support or benefit the program
Costs for interpreter services for hearing-impaired taxpayers	Costs associated with refund anticipation loans

Please keep in mind that this table **is not** all inclusive. For additional allowable/unallowable expenses, refer to Publication 4671, *VITA Grant Program Overview & Application Package*. This publication will be available on July 1, 2008.

**11. What types of tax returns can be prepared by a Grantee?**

The VITA program will continue to limit the scope of its return preparation modules. We recognize there is a need for assistance on more complex tax law issues. The IRS will consider expanding the scope of the VITA program to include more complex tax law issues, once quality control and increased return accuracy are realized within the current scope of the program.

**12. What can be used as matching funds?**

Most organizations use cash, computer hardware, software, office supplies, salaries, space, and volunteer services for matching funds. Organizations must show proof of matching funds with a signed commitment letter. Funds from other federal grants cannot be counted as matching funds, nor can costs or expenses associated with refund anticipation loans be used as matching funds.

The fair market rental value of office space is not to exceed 25% of the total in-kind value of the donated office space. FMRV is based on what the donor would normally charge for rent. The value of volunteer services is not to exceed 25% of the total in-kind value of the volunteer services. The current value of volunteer services is \$19.51 per hour. For more information on value of volunteer time, visit the web site listed below.

[http://www.independentsector.org/programs/research/volunteer\\_time.html](http://www.independentsector.org/programs/research/volunteer_time.html)

**13. If a grantee decides not to reapply or is unable to use all of the funds, what must be done?**

The IRS Grant Program Office should be provided with written notification immediately, which will enable remaining funds to be reallocated to other program participants.

**14. Is there a minimum or maximum award amount?**

No. There are no minimum or maximum award amounts; however, there is a matching requirement on a dollar-for-dollar basis for any funds requested.

**15. How many awards do you anticipate granting? Is there an average award amount already determined?**

Since this is the first time a VITA grant is available, we have no historical data available to answer these questions. There is no average award amount determined.

**16. What period does the VITA grant cover?**

The grant project period begins October 1, 2008, and ends June 30, 2009. It is a nine-month period.

**17. Where can I get information about the VITA grant?**

The Publication 4671, *Volunteer Income Tax Assistance Grant Program, 2009 Program Overview and Application Package*, is available on IRS.gov. Using the keyword search option available on the site, type in *Community Network* and then select it from the list displayed. Also, you may access the application from the grants.gov website as well. Use VITA as the search option.

**18. Will the grant be awarded to applicants with one or with many sites?**

Grants may be awarded to applicants that operate one or more sites.

**19. If an applicant expects to receive other grants from non-federal sources, can the expected grant be considered as matching funds of the application?**

Yes, if a firm commitment is received by the grant submission date (September 2, 2008.) If a commitment for the grant is not made until after September 2, 2008, then it cannot be considered as matching funds.

**20. What information should be included in the application to show the projected value of volunteer services?**

The narrative should include the number of volunteers, number of volunteer hours, and the projected value (dollars) of the services expected.

**21. Is the 25% limit on the volunteer services of the total program or of only the volunteer services?**

It is limited to 25% of the volunteer services. For instance, if the value of all volunteer services projected is \$1,000, then they are limited to \$250 for the matching funds portion of the grant.

**22. How much money will be awarded in grants?**

Congress appropriated \$8 million; however, IRS will use 7% for administration of the program. The remaining 93% or \$7.44 million will be awarded as grants.

**23. My coalition address is in a location with many other VITA sites, but I expect to expand to several surrounding counties without sites. Will the address of the main coalition exclude us from consideration because there are already sufficient sites present?**

No. The plan is to cover not only existing but planned sites. The applicant's business address is not under consideration (unless it is one of the planned sites).

**24. Can the hours volunteers use to train be included in the value of the volunteer services and counted as matching funds?**

No. Time spent receiving training is not part of the volunteer services calculation. However, if volunteers provide training to others, their time can be included in the calculation of volunteer services.

**25. Are marketing and advertising VITA site operations a covered expense under the grant?**

Yes. Publicity and marketing of free tax return preparation activities are allowable expenses as long as they are reasonable and necessary to the program.

**26. Could a non-profit receive both a TCE grant and a VITA grant?**

Yes, but not for the same service. They cannot co-mingle the funds and the services must be tracked separately.

**27. Are the grant funds only for new VITA sites?**

No. Grant funds can be used to expand existing VITA sites as well.

**28. Is there an easy way to know where service coverage is lacking?**

This information is not available at this time.

**29. Will the forms required to be completed as part of the grant application be made available in a fill-able format soon?**

Yes. We are working to have these forms available. In the meantime, check with your local territory office or you can send an email to [grants.program.office@irs.gov](mailto:grants.program.office@irs.gov). We will provide you with the forms available in this format.

**30. The eligibility indicates that a coalition lead must have a substantive role in the coalition. Do they have to operate a VITA site?**

No. A lead organization can have a substantive role without actually operating a VITA site. For example, the lead organization may be the champion of the coalition and coordinate the activities, secure funding, and identify members.

**31. Is there a limit on the fair market rental value of space?**

Yes. The fair market rental value of office space is limited to 25% of the total in-kind value of the donated office space.

**32. The VITA program requirements are lengthy. Must they be repeated in their entirety in the application narratives?**

No. However, sufficient detail should be provided to address the requirements for the background and program plan narratives found on pages 25 – 28 of Publication 4671.

**33. Will the grant be awarded for free federal tax return preparation activities not associated with VITA?**

No. The grant will only be awarded to organizations that will participate in the IRS VITA program.

**34. Can I apply if I currently operate a VITA site?**

Yes, if you meet the eligibility criteria (see Question 3 for eligibility requirements).

**35. I'd like to expand the services at my VITA site; will I be considered for a grant?**

Yes, if you meet the eligibility criteria (see Question 3 for eligibility requirements).

**36. I operate frequently with in-kind contributions. What is required to document the in-kind contributions for matching fund purposes?**

There are many different types of in-kind contributions; but in general, documentation should include at a minimum a commitment for the contribution, a description of the contribution and how the value of the contribution was determined. For instance, if a local office supply agrees to donate printer cartridges and paper, it might be as simple as a signed letter from them stating: "XXX Office Supply will donate 5 boxes of paper sold normally at \$25 per box (5,000 sheets each) and 4 HP LaserJet printer cartridges sold at \$55 each for a total contribution valued at \$345."

**37. Am I required to submit the application using grants.gov?**

No. The application can be completed and submitted to the Grant Program Office via mail. Instructions for submitting the application in this manner are covered on pages 28-29 of Publication 4671.

**38. Are there any so-called re-granting requirements?**

Funds cannot be *re-granted*. That is to say, you cannot obtain funds and then issue a call for grant applications to disburse the funds. However, as a lead organization over a coalition or coalitions, you can disburse the funds to your members. These members and the process of disbursement are required to be detailed in the program plan narrative.

NOTE: Monies can only be spent on those items deemed allowable, necessary and reasonable.

**39. If I receive an award, what reports are required?**

Financial and management reporting requirements can be found in Publication 4671 on pages 20 – 22.

**40. The grant period begins October 1 but it doesn't look like the award will be made until October 31. Can expenses incurred between October 1, 2008, and October 31, 2008, be covered by the grant if awarded?**

Yes. Expenses incurred after the start of the grant period but before the award of the funds can be included; however, if a grant is not awarded (or is reduced) monies spent during this time are not reimbursable by IRS.

**41. If I receive a grant, who will I work with? Will I continue to work with my local territory office?**

Yes. You will continue to work with your local territory office. You will also be assigned a contact from the Grant Program Office to oversee financial activities related to the grant.

**42. What expenses are covered by the grant?**

Please refer to the Publication 4671, Appendix D, Exhibit 1, for a list of allowable and unallowable expenses. In general, expenses are only allowable if they are reasonable or are costs that would not have been incurred but for the program (page 19, Pub. 4671.)

**43. May I submit an application for more than one filing season?**

No. At this time, it is a one-time opportunity for services to be provided during filing season 2009. IRS would like to continue the grant beyond this period, but it is not yet funded. If the grant program is continued beyond this one-time offer, we plan to consider multi-year grants.

**44. Will a letter of support from my local SPEC territory office be of value when I submit the application?**

No. It is not necessary to obtain a letter of support. Our internal systems already capture information about partners, their sites, and their activities.

**45. Can the matching or grant funds be used for IRS outreach or financial literacy activities?**

No. The matching and grant funds awarded must be used specifically to support the VITA program, which provides free federal return preparation and electronic filing.

**46. Do you know when and where the orientation meeting will be held? Can you provide more information on how to budget for this meeting?**

The orientation meeting is planned for early December in Atlanta, Georgia. See the instructions on the reverse of Form 13977, *VITA Grant Program Budget Plan*, for information on how to estimate the cost of the meeting.

**47. Will the orientation include e-file training?**

No. The orientation training will cover topics specific to the grant award, such as financial reporting and use of the Payment Management System for disbursements.

**48. If I submit the application using grants.gov, do I still need to submit a CD?**

No. A CD is only required when submitting the application outside of grants.gov.

**49. Who are the underserved populations?**

This term encompasses low income taxpayers that may also be limited-English proficient, elderly, disabled, Native American, live in rural areas, or other hard-to-reach areas.

**50. Does the lead agency need an EFIN or SIDN?**

No. An EFIN and SIDN is required for each site. The lead agency does not have to operate a VITA site.

**51. Can I apply for the grant if I do not currently operate a VITA site? How will this impact my consideration for the grant?**

Yes, as long as you meet the eligibility requirements. Prior performance is a consideration during the ranking process so you will not receive the maximum points awarded for this criterion during the technical evaluation.

**52. How frequently will the FAQs be updated on IRS.gov concerning the questions received by the Grant Program Office?**

The Grant Program Office plans to post updated FAQs each week on irs.gov.

**53. On the Form 13980, Business Results VITA Grant Program Year End Report, Questions 16 through 23 cover volunteers and certifications. Could a volunteer be counted more than once?**

Yes. The number of volunteers who certify at more than the VITA/TCE Basic level should be recorded at each level to which they certify.

**54. If I have additional questions, who do I contact?**

You may send an email to the [grant.program.office@irs.gov](mailto:grant.program.office@irs.gov) or call 404-338-7894.

**55. Does IRS have expectations of future funding? If so, will you consider multi-year grants of 3-5 years?**

IRS is hopeful that the VITA Grant will be funded in the future. If it is continued, the IRS will consider multi-year grant opportunities.

**56. Are individual development accounts (IDAs) covered by this grant?**

No. The grant is not for this initiative. IDAs are a worthwhile program and provide benefits. We encourage you to continue your work in this area.

**57. When applying on behalf of a coalition, can a non-profit member without a substantive role apply?**

No. The agency applying must play a substantive role in the coalition.

**58. If more grant monies are requested than are available, will IRS reduce the amount requested? If so, does the applicant have the ability to decline the award at the reduced amount?**

IRS may reduce the requested amount of the grant when awarded. If we do, the applicant will have the opportunity to accept the award at the reduced amount or decline the award in its entirety.

**59. If a member of a coalition applies and receives a grant for just their activities under the coalition, is there an expectation that they share the funds with the other members?**

As long as the application covered only the activities of the member and not the coalition, there is no expectation that the funds be shared. They are awarded based on the proposed program plan and budget plan submitted. We encourage you to discuss this with the coalition before the application is submitted.

**60. I cannot locate a copy of my determination letter from IRS. How can I obtain another copy?**

Contact the Tax Exempt and Government Entities Customer Service Line at 877-829-5500 for a copy of your determination letter issued by the IRS, or a suitable substitute with the required language recognizing you as an organization exempt under IRC Section 501(c).